

### ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of One Thousand Eight Hundred Forty Eight (\$1,848.00) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

### ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no

liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the Port of the Lessee in the Performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose



of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone excepted.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in

addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them,

forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession any of any and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.



Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic' lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provision of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee

forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

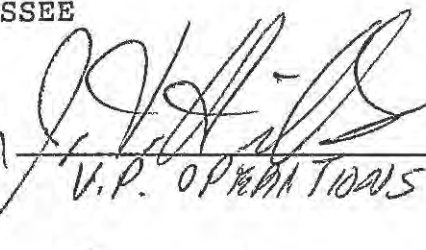


Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at Dillingham Ship Repair, PO Box 4367, Portland, Oregon 97208.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

LESSEE

BY

  
V.P. OPERATIONS

BY


  
Vice President Finance

APPROVED AS TO FORM:

\_\_\_\_\_  
Counsel for Lessee


THE PORT OF PORTLAND

BY

  
Executive Director

By \_\_\_\_\_

APPROVED AS TO LEGAL SUFFICIENCY:

  
Counsel for The Port of Portland

ATTACHMENT 'A'

This disclosure statement refers to the lease dated June 15, 1986, between the PORT OF PORTLAND and DILLINGHAM SHIP REPAIR, for the month-to-month rental of the improved space commonly known as Bay 5, Building 72.

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
Y	Electricity	
N	Natural Gas	
N	Steam	
N	Compressed Air	
N	Oxygen	
N	Area Heat	
N	Area Air Conditioning	
N	Water	
N	Sewer	

Shop: Flat rate of \$0.05 per square foot per month  
(\$420.00 per month)

TELEPHONE SERVICE IS THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

ACKNOWLEDGED:

Signature

Date

LEASE

1/80

THIS LEASE, dated August 20, 1979, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and DILLINGHAM CORP., a corporation organized under the laws of the state of Hawaii, hereinafter referred to as Lessee,

W I T N E S S E T H:

ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and conditions stated below, the premises consisting of an office building and approximately eighty-eight one-hundredths (0.88) acres described in Exhibit A, attached hereto and made a part hereof.

Section 1.02 - Use of Premises: Lessee may use the premises only for the following purpose: ship repair, conversion and construction, with related shops, offices and parking.

ARTICLE II - TERM

Section 2.01 - Term: The term of this Lease shall commence on the date established in accordance with Exhibit B, and shall continue for a period of twenty (20) years.

Section 2.02 - Renewal Option: If the Lease is not then in default, Lessee shall have two (2) options to renew this Lease on the same terms and conditions except for the establishment of the land and building rental as herein provided. Options shall be for a period of three (3) years each and shall be exercised by notice in writing given to Port not less than ninety (90) nor more than one hundred eighty (180) days before the last day of the expiring term.

### ARTICLE III - Rental

Section 3.01 - Land Rent: For the first five (5) year period, Lessee shall pay the Port annual rental equal to the sum of nine and one-half percent (9.5%) of One Hundred Thousand and No/100 Dollars (\$100,000.00) per acre of the land as shown on Exhibit A containing eighty-eight one-hundredths (0.88) acres. The initial rent is Eight Thousand Three Hundred Sixty and No/100 Dollars (\$8,360.00) per year.

For each three (3) year period succeeding the first five (5) year period, the land rental shall be established pursuant to Section 3.02.

Section 3.02 - Establishment of Land Rent: During the fifth (5th) lease year and the third (3rd) lease year of any three (3) year increment of this Lease or any extension thereof, the land rental shall be established for the ensuing three (3) lease years. Such adjustment shall be based on the fair market value of the land at the last day of the expiring initial five (5) year period or subsequent three (3) year periods.



In no event shall the valuation of land be less than One Hundred Thousand and No/100 Dollars (\$100,000.00) per acre throughout the term of this Lease or any extension thereof. The land rental rate of nine and one-half percent (9.5%) annually of the established land value shall remain constant throughout the term of the Lease or any extension thereof.

Section 3.03 - Building Rent: For the first five (5) year period, Lessee shall pay the Port monthly rental equal to the sum computed by multiplying the improvement costs as determined under Exhibit B by nine thousand three hundred twenty-one one-millionths (0.009321).

\$1,059,879.50 @ 9.6137% / yr.

For each three (3) year period succeeding the first five (5) year period, the building rental shall be established pursuant to Section 3.04.

Section 3.04 - Establishment of Building Rent: During the fifth (5th) lease year and the third (3rd) lease year of any three (3) year increment of this Lease or any extension thereof, the building rental shall be established for the ensuing three (3) lease years. Such adjustment shall be based on the comparable market rental of the building at the last day of the expiring initial five (5) year period or subsequent three (3) year periods.

In no event shall the building rent be less than that established in accordance with the first (1st) paragraph of Section 3.03 of Article III throughout the term of this Lease or any extension thereof.

Section 3.05 - Rental Adjustments: For the purpose of establishing land and building rents under Sections 3.02 and 3.04, the parties shall agree on the fair market value of the land and the comparable market rental of the building. In the event the parties cannot agree, the parties shall mutually select an independent appraiser, the cost of which shall be shared equally between the parties. If the parties accept the opinion of the appraiser, such opinion shall be the fair market value for the purpose of establishing land rent and/or the comparable market rental of the building.

Section 3.06 - Arbitration: In the event the parties cannot accept the appraiser's opinion on the land value or comparable market rental of the building, the land value and rental value of the building for the ensuing period shall be determined by three (3) arbitrators. After notice by either party to the other party requesting arbitration, one (1) arbitrator shall be appointed by each party. Notice of the appointment shall be given by each party to the other when made. The arbitrators shall immediately choose a third (3rd) arbitrator to act with them. If they fail to select a third (3rd) arbitrator, on application by either party, the third (3rd) arbitrator shall be promptly appointed by the presiding judge of the Circuit Court of the State of Oregon, County of Multnomah, acting in his individual capacity. Each party shall bear the expense of its own appointed arbitrator and shall bear all other expenses equally. The land value and comparable market rental of the building shall be the decision of not less than two (2) of the arbitrators. The land value and comparable market rental of the building determined by the

arbitrators shall be effective and retroactive to the first (1st) day of the rental period under arbitration, which determination shall be binding upon the parties.

Section 3.07 - Time and Place of Payments: Lessee shall pay Port monthly, on or before the tenth (10th) day of each calendar month, one-twelfth (1/12) of the then prevailing annual rental<sup>\*</sup> total ~~696.67~~ Six Hundred Ninety-Six and 67/100 Dollars (\$696.67).

\*The initial payments shall

Payment shall be to the Port at its offices in Portland, Oregon, or such other place as the Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of ten percent (10%) per annum.

#### ARTICLE IV - LESSEE OBLIGATIONS

Section 4.01 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed or made thereon, in good and substantial repair and condition, including the exterior condition thereof, and shall make all necessary repairs and alterations thereto. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.02 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises at Lessee's order or consent.

Section 4.03 - Liens: Lessee agrees to pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery or equipment which have been furnished or ordered with Lessee's consent to be furnished to or for the Lessee in, upon or about the premises herein leased, which may be secured by any mechanics', materialsmen's or other lien against the premises herein leased or Port's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanics' or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax levying body upon the premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the premises or facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on



all taxable property, real or personal, owned by Lessee in or about said premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by the tax collector.

#### ARTICLE V - INDEMNITY AND INSURANCE

Section 5.01 - Indemnity: Lessee agrees fully to indemnify, save harmless and defend the Port, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

#### Section 5.02 - Insurance:

A. Lessee shall keep the premises herein leased together with any and all improvements placed thereon continuously insured with an insurance underwriter(s) satisfactory to the Port and authorized to do busi-

ness in Oregon against loss or damage by fire and lightning, with the standard extended coverage endorsement in an amount equal to ninety percent (90%) of the current replacement value of the property.

B. Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than Five Hundred Thousand and No/100 Dollars (\$500,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee during the term of the Lease or any renewal thereof.

C. Lessee shall furnish to the Port a certificate as attached evidencing the date, amount and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 5.03 - Waiver of Subrogation: The Port and Lessee agree that each forfeits any right of action that it may later acquire against

the other of the parties to the Lease for loss or damage to its property, or to property in which it may have an interest, where such loss is caused by fire, or any of the extended coverage hazards, and arises out of or is connected with the leasing of the premises.

Section 5.04 - Damage or Destruction of Premises:

A. If the leased premises or any improvements thereon are damaged or destroyed by fire or other casualty, Lessee (1) shall promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition preceding the fire or other casualty, and in accordance with the applicable building codes as existed at the time of loss causing such damage or destruction, and (2) shall apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional money of Lessee necessary therefor.

B. If such damage or destruction shall occur during the last three (3) years of the original term of this Lease or during the last year of any extended term thereof, and further if the damage or destruction which occurs during said three (3) year period or last year is such that the cost of repair, rebuilding or restoration of the property damaged or destroyed exceeds fifty percent (50%) of the fair market value of the improvements upon the leased premises immediately prior to such damage or destruction, Lessee shall have the option and shall within sixty (60) days from the damage or destruction, notify Port in writing whether or not Lessee elects to repair, rebuild, restore in accordance

with Paragraph A above or to terminate this Lease. Upon giving such notice to terminate, this Lease shall terminate on the date specified in the notice and Port shall be entitled to the net proceeds of insurance.

C. If the leased premises or any improvements thereon are damaged or destroyed by fire or other casualty, and Lessee is engaged in the prompt repair, rebuilding or restoration of the property under Paragraph A above, then the building rent shall be abated in the same proportion as the damage makes the building uninhabitable for so long as it is unusable.

#### ARTICLE VI - DEFAULT

##### Section 6.01 - Events of Default:

A. Default in Rent: Failure of Lessee to pay any rent or other charge within ten (10) days after it is due.

B. Default in Other Covenants: Failure of Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within thirty (30) days after written notice by Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the thirty (30) day period, this provision shall be complied with if Lessee begins correction of the default within the thirty (30) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

C. Insolvency: Insolvency of Lessee; an assignment by Lessee for the benefit of creditors; the filing by Lessee of a voluntary petition in bankruptcy; an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within ten (10) days.

D. Abandonment: Failure of the Lessee for fifteen (15) days or more to occupy the property for one (1) or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

Section 6.02 - Remedies on Default: In the event of a default, the Port at its option may terminate the Lease by notice in writing by certified mail to Lessee. If the property is abandoned by Lessee in connection with a default, termination shall be automatic and without notice.

A. Damages: In the event of termination on default, Port shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term, the following amounts as damages:



1. Any excess of (a) the value of all of Lessee's obligations under this Lease, including the obligation to pay rent, from the date of default until the end of the term, over (b) the reasonable rental value of the property for the same period figured as of the date of default.
2. The reasonable costs of reentry and reletting including without limitation the cost of any clean up, refurbishing, removal of Lessee's property and fixtures, or any other expense occasioned by Lessee's failure to quit the premises upon termination and to leave them in the required condition, attorney fees, court costs, broker commissions and advertising cost.
3. The loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable efforts could have been, secured.
4. In no event shall Lessee's duty to pay rent upon the property or improvements thereon continue for a period longer than twenty-four (24) months from the date of termination.

B. Reentry After Termination: If the Lease is terminated for any reason, Lessee's liability for damages shall survive such termination, and the rights and obligations of the parties shall be as follows:

1. Lessee shall vacate the property immediately, remove any property of Lessee including any fixtures which Lessee is required to remove at the end of the lease term, perform any clean up, alterations or other work required to leave the property in the condition required at the end of the term, and deliver all keys to the Port.
2. Port may reenter, take possession of the premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages.

C. Reletting: Following reentry or abandonment, Port may relet the premises and in that connection may:

1. Make any suitable alterations or refurbish the premises, or both, or change the character or use of the premises, but Port shall not be required to relet for any use or purpose (other than that specified in the Lease) which Port may reasonably consider injurious to the premises, or to any tenant which Port may reasonably consider objectionable.
2. Relet all or part of the premises, alone or in conjunction with other properties, for a term longer or shorter

than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

#### ARTICLE VII - TERMINATION

Upon termination of the Lease for any reason, Lessee shall deliver all keys to the Port and surrender the leased premises in good condition. Alterations constructed by the Lessee with permission from the Port shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender. The Lessee's obligations under this paragraph shall be subordinate to the provisions of Article VI, Section 6.04, related to destruction.

#### ARTICLE VIII - GENERAL PROVISIONS

Section 8.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port, which consent shall not be unreasonably withheld.

Lessee shall not assign all or any part of its rights and interests under this Lease to any successor to its business through merger, consolidation, or voluntary sale or transfer of substantially all of its assets, without prior written approval of the Port, which consent shall not be unreasonably withheld.

Section 8.02 - Condemnation: If the leased premises or any interest therein is taken as a result of the exercise of the right of eminent domain, this Lease shall terminate as to such portion as may be taken. If the portion taken does not feasibly permit the continuation of the operation of the facility by the Lessee, the Lessee shall have the right to cancel. Such cancellation shall be effective as of the date of taking. Port shall be entitled to that portion of the award as represented by the land and the improvements.

Section 8.03 - Nonwaiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

Section 8.04 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 8.05 - Statutory Provisions: This Lease is subject to the provisions of Oregon Revised Statutes 279.312 through 279.320, inclusive, which by this reference are incorporated herein as fully as though set forth verbatim.

Section 8.06 - Time of Essence: It is mutually agreed that time is of the essence in the performance of all covenants and conditions to be kept and performed under the terms of this Lease.

Section 8.07 - Warranties/Guarantees: Port makes no warranty, guarantee, or averment of any nature whatsoever concerning the physical condition of the leased premises, and it is agreed that Port will not be responsible for any loss, damage or costs which may be incurred by Lessee by reason of any such physical condition. In the event of damage or destruction of the premises and improvements thereon due to faulty design or construction, the Port shall assign to Lessee its right and causes of action against the design, architect, engineer or contractors responsible for said defect.

Section 8.08 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 8.09 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from the Executive Director of The Port of Portland.



Section 8.10 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to the Lessee, Post Office Box 4367, Portland, Oregon 97208. Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

Section 8.11 - Modification: Modification of the Lease as to term, area or any reason may result in renegotiation of the rental.

Section 8.12 - Fixtures:

A. All permanent improvements placed upon the leased premises during the term, other than Lessee's trade fixtures and equipment, shall, at the Port's option, become the property of the Port. Movable furniture, decorations, floor covering other than hard surface bonded or adhesively fixed flooring, curtains, blinds, furnishing and trade fixtures shall remain the property of the Lessee if placed on the leased premises by the Lessee.

B. If the Port so elects, the Lessee shall remove any or all permanent improvements placed upon the premises by Lessee which would otherwise remain the property of the Port, and shall repair any physical damage resulting from the removal. If the Lessee fails to remove such permanent improvements, the Port may do so and charge the cost to

the Lessee with interest at ten percent (10%) per annum from the date of expenditure. The Lessee shall remove all furnishings, furniture and trade fixtures which remain the property of the Lessee. If the Lessee fails to do so, this shall be an abandonment of the property, and the Port may retain the property and all rights of the Lessee with respect to it shall cease or, by notice in writing given to Lessee within twenty (20) days after removal was required, the Port may elect to hold the Lessee to his obligation of removal. If the Port elects to require the Lessee to remove, the Port may effect a removal and place the property in public storage for the Lessee's account. The Lessee shall be liable to the Port for the cost of removal, transportation to storage, and storage, with interest at ten percent (10%) per annum on all such expenses from the date of expenditure by the Port.

C. The time for removal of any permanent improvements, trade fixtures or equipment which the Lessee is required to remove from the leased premises upon termination shall be as follows:

1. On or before the date the Lease terminates because of expiration of the original or a renewal term or because of default.
2. Within thirty (30) days after notice from the Port requiring such removal where the property to be removed is a fixture which the Lessee is not required to remove except

after such notice by the Port, and such date would fall after the date on which the Lessee would be required to remove other property.

Section 8.13 - Pledge of Leasehold Interest: Lessee may from time to time pledge its leasehold interest subject to approval of Port, and the Lessee shall provide notice forthwith of such intended pledging. The term of any such pledge and loan shall not run beyond the current lease term.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

DILLINGHAM CORP.

THE PORT OF PORTLAND

By Ernest M. Brawley

By James J. Ginn  
President

By Scott Fitzwater

By Herbert A. Underwood  
Assistant Secretary

APPROVED AS TO FORM

APPROVED AS TO FORM

Counsel for Lessee

Deputy J. C. Ginn  
Counsel for  
The Port of Portland

APPROVED BY COMMISSION ON

3-14-79

L2B:L/DS

6/27/79

EXHIBIT B

A. Port shall retain SRG Partnership, P.C., architects and planners to prepare plans, specifications and site layout for an approximate fifteen thousand five hundred (15,500) square feet office building to be located on the site described in Exhibit A. Such plans, specifications and site layout shall be subject to approval by Port and Lessee. If mutual approval is not obtained, then Lessee agrees to reimburse Port for expenses incurred in the preparation of plans, specifications and site plan and this Lease shall be null and void.

B. Subject to approvals in "A" above, the Port shall solicit competitive bids for construction of the office building and site improvements. The low responsive bid shall be subject to approval by Port and Lessee. The estimated cost of Port engineering, administration and inspection costs directly attributable to construction shall also be approved by Port and Lessee. If mutual approvals are not obtained, then Lessee agrees to reimburse Port for expenses incurred in the preparation of plans, specifications and site plan and the solicitation of bids and this Lease shall be null and void.

C. Subject to approvals in "B" above, the Port shall award a contract for construction to the responsive low bidder and proceed with construction, costs of which shall be borne by the Port.

D. On substantial completion of construction, Lessee agrees to accept the building and take possession. The date of possession shall be the date on which the term of this Lease begins.

E. Upon the Port and Lessee agreeing that substantial completion of construction of the improvement has occurred in accordance with the plans and specifications, Lessee agrees to accept the building and take possession. The date of possession shall be the date on which the terms of this Lease begin.

F. On completion of construction the Port shall compute its improvement costs which shall be the basis for the rental computation in Section 3.03 of this Lease. Such improvement costs shall include:

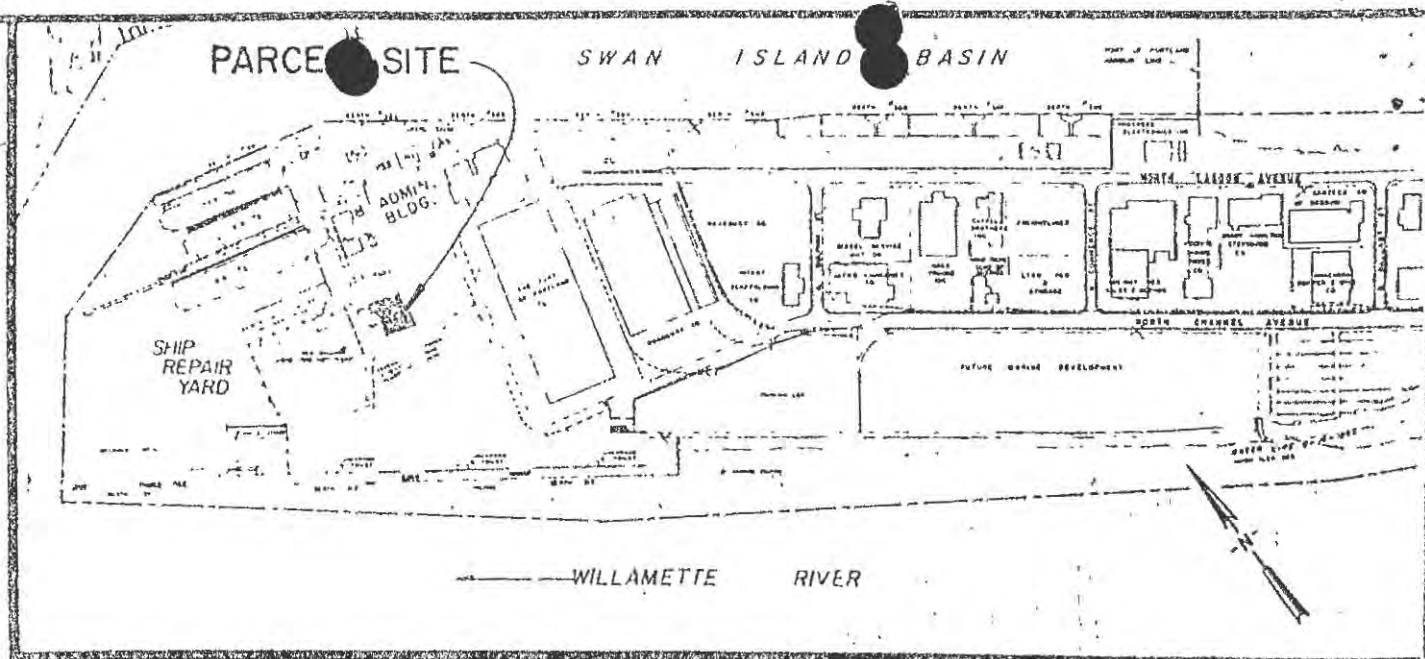
1. SRG and Port costs of development plans, specifications and site layout.
2. Port costs of bid solicitation.
3. Costs of construction and site improvements, including change orders.
4. Port engineering, administration and inspection costs directly attributable to the above.



EXHIBIT A

See attached exhibit plat

SI 79-3



# VICINITY MAP NO SCALE

## DESCRIPTION

A parcel of land located in the southwest one-quarter of Section 17, Township 1 North, Range 1 East, Willamette Meridian, Multnomah County, Oregon, described as follows:

Beginning at a point North 1,290.00 feet and West 4,670.00 feet from the southeast corner of Section 17; thence South  $15^{\circ} 28' 00''$  West 162.42 feet to the TRUE POINT OF BEGINNING; thence South  $74^{\circ} 32' 00''$  East 83.66 feet; thence South  $15^{\circ} 28' 00''$  West 167.21 feet; thence North  $74^{\circ} 32' 00''$  West 221.06 feet; thence North  $15^{\circ} 28' 00''$  East 137.42 feet; thence North  $74^{\circ} 32' 00''$  West 20.69 feet; thence North  $15^{\circ} 28' 00''$  East 38.79 feet; thence South  $74^{\circ} 32' 00''$  East 73.27 feet; thence South  $15^{\circ} 28' 00''$  West 9.00 feet; thence South  $74^{\circ} 32' 00''$  East 85.42 feet to the TRUE POINT OF BEGINNING, containing 0.881 acres.

LEASE AMENDMENT NO. 1

The Lease, made on the 1st day of July, 1968, by and between the Port of Portland, a municipal corporation of the State of Oregon and Albina Engine and Machine Works, Inc., and assigned to Dillingham Marine and Manufacturing Company, a Hawaii corporation, doing business as Dillingham Ship Repair, for 11,495 square feet in Swan Island Ship Repair Yard Building 63 and 2,091 square feet of adjacent land, is hereby amended by mutual consent as follows:

1. The monthly rental for the period July 1, 1978, through June 30, 1983, shall be One Thousand, Nine Hundred and Twenty-Nine Dollars and No/Cents (\$1,929.00).
2. The provision of Article V.2. relating to rent escalation shall be null and void.
3. The monthly rental for the period July 1, 1983, through June 30, 1988, shall be determined by market value appraisal as set forth in Article V.3. or such other methods of appraiser selection which shall be mutually acceptable to the parties.
4. All other terms and conditions of the lease are affirmed.

IN WITNESS WHEREOF, the parties hereto have signed their names  
this 10 day of June, 1978.

DILLINGHAM SHIP REPAIR

By Bruce D. Webb

By W. Scott Fitzgerald

THE PORT OF PORTLAND

By F. G. [Signature]  
President

By Lee A. Underwood  
Assistant Secretary

APPROVED AS TO FORM

Betty D. [Signature]  
Counsel for  
The Port of Portland

APPROVED BY PORT COMMISSION

On June 14, 1978

L32F

PSY100003815

ALBINA ENGINE AND MACHINE WORKS, INC.

LEASE

This lease made this 1 day of July, 1968 by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as the Lessor, and ALBINA ENGINE AND MACHINE WORKS, INC., a corporation of the State of Oregon, hereinafter referred to as the Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor is the owner of certain property as indicated on attached Exhibit "A" which lands are hereinafter referred to as the Swan Island Site, and structure thereon to be tentatively known as Building 63 and,

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable considerations, the Lessee and Lessor mutually agree as follows:

1. PREMISES:

Lessor, in consideration of rents hereinafter reserved and of the agreements of Lessee herein to be kept, performed and fulfilled, leases to Lessee the following premises on Swan Island, City of Portland, Oregon in the Ship Repair Yard as shown on the Plat No. YA 68-5 dated June 25, 1968 hereto attached and marked Exhibit "A" and by this reference made a part hereof.

(a) Area 1 called building area, consisting of 11,495 square feet of land more or less, and

(b) Area 2 called adjacent area consisting of 2,091 square feet of land more or less.

Lessee is not granted by this document the right to the use of any land adjacent to or around the subject building of lease other than that as specified by Exhibit "A" as attached hereto.

✓ II. IMPROVEMENTS TO BE MADE BY LESSOR:

Lessor agrees to make improvements to the leased premises as hereinafter specified.

A. Area 1

(1) Construction of shop building.

Lessor agrees to erect and complete as specified herein, in Area 1 on the leased premises, a structural steel frame shop with a 25-ton bridge crane. The exterior walls of the shop to be pre-painted steel paneled, and the roof to be 24 gauge pre-painted galvanized steel over the shop area. The building will be constructed as shown on the Port Plan YA 67-6. The erection of such building shall be completed and ready for occupancy not later than July 1, 1968.

B. Area 2

Lessor agrees to grade to level a five (5) foot strip of land around the building, in area 1 when completed. Title to all improvements made by the Port on the leased premises shall at all times remain in and with the Port.

✓ III. PERFORMANCE BOND:

At the time of the execution of this lease, the Lessee shall execute and deliver to the Port a satisfactory performance bond with an approved corporate surety in the sum of ten thousand (\$10,000) dollars which bond shall guarantee faithful performance by Lessee of all the provisions and covenants of this agreement for the term thereof or any extension thereon.

✓ IV. TERM:

The term of this lease shall be for a period of ten (10) years, commencing on July 1, 1968 and terminating June 30, 1978.



V. OPTION TO RENEW:

1. Lessee shall have and Lessor hereby grants the option to renew this lease for two (2) successive five-year periods following the initial term of this lease. If Lessee shall elect to renew this lease at the expiration of its term, it shall give written notice to the Lessor of such intention not less than eight (8) months prior to such expiration date.

2. For the first five-year period of option to renew this lease, and for the succeeding five-year period thereafter, the period commencing July 1, 1978, Lessee shall pay a rental computed by first ascertaining the market value of the premises hereby leased, and then applying to the said market value of a rental rate of six (6%) per cent per annum of the value determined. In determining the rental for each of said five-year periods, the market value of the land shall be no less than ninety (90%) per cent, nor more than one hundred ten (110%) per cent of the value in effect for the immediately preceding five-year period and the date for determining such fair market value shall be the date that each such five-year period commences. For the purpose of determining future ground rental, the word "premises" shall mean land only. The annual rental rate, when so determined, shall be payable in equal monthly installments in advance. It is expressly understood that said rental rate shall be the net amount payable to Lessor and that Lessee shall pay all taxes, assessments, etc., in accordance with the provisions of Article VIII of this lease. The termination of the annual rental rate for each of said five-year periods shall be made not less than six (6) months before the expiration of each five-year period of this lease.

3. In the event the parties hereto are unable to agree upon said fair market value in accordance with Paragraph (2) hereinabove, Lessor and Lessee shall give each in writing to the other, the names of a disinterested person familiar with real estate values in the City of Portland, to act as arbitrators. The two men so chosen shall select a third and these three arbitrators shall then immediately proceed to determine the fair market value of said premises and report said fair market value in writing to the parties hereto not later than four (4) months before the expiration of the first five-year period. Such report and determination, whether unanimous or by majority, shall be final and binding upon the parties hereto as to the market value of said premises.

4. In the event that for any reason, whether through failure to appoint arbitrators or failure of the arbitrators to act, no report of such fair market value is made within the time or times respectively as provided herein, either party may apply for judicial relief under the applicable arbitration statutes of the State of Oregon, to the end that the fair market value as contemplated herein shall be determined. No determination of fair market value shall be invalid by reason of having been delayed or not having been made within the time or times respectively as herein provided. If any such determination of fair market value is delayed, the same when made shall be effective and binding upon the parties as to the rentals to be paid by the Lessee to the Lessor as of the beginning of the period to which such new rental base applies. The cost including attorney's fees of any such legal proceeding, shall be borne and paid by the party hereto whose neglect or default has made such proceeding necessary.

5. All other terms and conditions of this lease shall apply to the extended term of this lease.

✓ VI. RENT:

1. Lessee shall pay Lessor rent of \$1,141.00 per month in advance. Payments shall be made to the Lessor at its offices in Portland, Oregon, or at such other place in the State of Oregon as it may in writing designate.

2. Should Lessee exercise its right to extend this lease, the rental for such extended terms shall be determined in the manner provided in Article V.

✓ VII. TAXES:

Lessee shall pay all lawful taxes and assessments, which during the term hereto or any extension, may become a lien upon or which may be levied by the state, county, city, or any other tax-levying body upon the premises hereby leased, or upon Lessee's leasehold thereof, or any other taxable interest or possessory right which Lessee may have in or to the premises or facilities hereby leased, or the improvements thereon by reason of Lessee's use or occupancy thereof, as well as all taxes on taxable property, real or personal, owned by Lessee in and about said premises. Upon any termination of tenancy, all taxes then levied or a lien on any of said property or taxable interest therein shall be paid in full and without pro-ration by Lessee, forthwith or as soon as a statement thereof has been issued by the tax collector, if termination occurs during the interval between attachment of the lien and issuance of statement.

✓ VIII. USE OF LEASED PREMISES:

Lessee agrees that it will use and occupy the premises for the purpose of warehouse and work area for handling, storing, repairing of products <sup>and equipment</sup> pertinent to marine repair, construction and/or industrial application.

IX. UTILITY SERVICE:

The Lessee shall procure at Lessee's own expense and risk electric utility service as may be required or available to Lessee upon premises, and the Lessor makes no representations or guarantees to the Lessee respecting the availability of such service.

The lessor will maintain the existing air and water distribution system and distribute city water, and will bill the Lessee therefor upon a fixed monthly rate and/or charge; the Lessor may at its discretion, install meters to determine actual consumption of the aforementioned. But in either event, the Lessee shall pay to the Lessor the full and proper charges for the use of air and water or the availability of air and water from the distribution system now in use. Provided, however, that it is the option of the Lessor to bring about the installation of city water mains and refer the Lessee directly to the City of Portland for procurement of water at any time such city services become available and to then, discontinue the present method of distribution. The responsibility for extending such service shall be that of the Lessee. Such continuation of contemplated services will be submitted by the Lessee to the Lessor in the form of drawing layouts accompanied by specifications of materials and installation. Upon receipt of approval from the Lessor, the Lessee may then proceed with the installation as specified therein.

✓ X. RAILROAD SERVICE AND TRACKAGE:

It is recognized by the parties hereto that, at the inception of this agreement, the Swan Island track is being served by a common carrier railroad using existing trackage to the extent the said carrier deems the same to be usable.

The Lessee is hereby granted the use of existing spur track No. 19, including that portion of the track connecting to the existing lead track or service track on Swan Island.

✓ XI. LAWS, CODES, AND UNTEENANTABILITY:

It is agreed that the Lessee, by entering into this agreement accepts the premises as specified in the Lessor's drawing YA 67-6 consisting of thirteen (13) sheets thereof. The Lessor makes no warranties in the respect to the construction



of building conforming with the requirements applicable by laws and/or codes other than that as specified and stipulated on the Lessor's drawing No. YA 67-6 consisting of thirteen (13) sheets.

In the event the Lessee's use and occupancy of the premises shall be legally prevented after initial acceptance by action of a public authority, or it shall be required by such authority that further alterations be made to the premises to conform with laws and codes, the Lessee shall forthwith, at Lessee's own cost and expenses, and upon receiving written consent from the Lessor therefor, make such changes as shall be necessary to fulfill the requirements, except that it shall be optional with the Lessee to elect to not make such required changes and to give written notice to the Lessor to that effect, and, upon receipt of such notice, the Lessor may elect to itself make such required changes. If the Lessor does not agree within fifteen (15) days to effect such changes to conform with said requirements, the Lessee may forthwith terminate this lease upon payment of rental to the date of such termination and fulfillment of all other obligations of Lessee provided herein.

XII. MAINTENANCE OF BUILDING AND EQUIPMENT:

*DSR's Maintenance* { Lessee covenants and agrees to maintain at Lessee's own cost and expense the interior of the shop building and all improvements including but not limited to, bridge crane, plumbing fixtures, water lines, electric lines and fixtures, flooring, partitions, walls and ceilings, etc., in constant good presentable and substantial condition and repair.

*Port's Maintenance* { Lessor covenants and agrees to maintain, at Lessor's own cost and expense the exterior walls and roof areas of the shop building and improvements including but not limited to roof drains and downspouts, window sashes and areas of entry and exit from street(s).



Upon notification of completion on the aforementioned building and the execution of lease thereto, the Lessee shall become responsible to the Lessor for said maintenance.

XIII. PERSONAL PROPERTY:

All personal property of any kind or description whatsoever in the premises shall be at the Lessee's sole risk, and the Lessor shall not be liable for any damage done to or loss of such personal property or damage or loss suffered by the business or occupation of the Lessee arising from any acts or neglect, of the premises, or of other persons, or from bursting, overflowing or leaking of water, sewer, or from heating or plumbing fixtures, or from electric wires, or from gas, or odors caused in any manner whatsoever, other than by neglect of Lessor, its agents or employees.

XIV. INDEMNITY:

Lessee agrees fully to indemnify and save harmless the said Lessor from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damage or injuries to third persons or their property, caused by the fault or negligence of Lessee, its agents, or employees, in the use or occupancy of the said premises by Lessee; provided however, that Lessee shall not be liable for any injury or damage or loss occasioned by the negligence of the Lessor, its agents or employees; and provided further that the Lessor shall give to Lessee prompt and reasonable notice of any such claims or actions and Lessee shall have the right to investigate, compromise, and defend the same. Lessee agrees to carry and keep in force, public liability insurance covering personal injury and property damage, to protect the Lessor herein from such claims and actions aforesaid. Without limiting its liability as aforesaid, Lessee agrees

to maintain with insurance underwriters satisfactory to the Lessor, a standard form of policy or policies of liability insurance in a sum of not less than \$200,000 for any one person, and \$500,000 for any one accident, and for property damage in a sum not less than \$250,000. Said policy or policies shall expressly acknowledge and affirm Lessee's obligation to hold the Lessor harmless as hereinabove stated. A certificate of such insurance covering all said policy or policies, shall be issued currently to the Lessor. The Lessor shall not be shown, listed, or named as co-assured or any additional assured by such policy or policies hereinabove required.

XV. DESTRUCTION OR DAMAGE OF PREMISES:

If the said premises be destroyed by fire or other casualty, this lease shall immediately terminate. In case of partial destruction or damage, so as to render the premises untenable, either party may terminate the lease by giving written notice to the other within fifteen (15) days thereafter, and if so terminated, no rent shall accrue to the Lessor after such partial destruction or damage. In the event of partial damage which does not render the premises untenable, it shall be optional with the Lessor whether to repair same. If the Lessor elects not to repair such damage within thirty (30) days after the occurrence, the Lessee shall have the right to terminate this lease at the end of the 60th day, or to make repairs, at Lessee's own cost and expense, in a manner approved by Lessor and continue its tenancy in accordance with the terms and conditions of the lease.

XVI. PAYMENTS BY THE LESSOR RECOVERABLE FROM LESSEE:

The Lessor, shall, at its option, have the right at all times during the term herein, to pay any taxes, assessments, water rates, or other charges on the premises

and reversionary interest therein remaining unpaid after the same have become due and payable, and to pay, cancel, and clear off all tax sales, liens, charges, and claims on or against the premises or reversionary interest therein, and to redeem the premises from the same, or any of them, from time to time, and the amount paid, including reasonable expenses, shall be so much additional rent due from Lessee at next rent day after such payment with interest thereon at the rate of six (6%) per cent per annum from the date of Payment thereof by the Lessor, until the repayment thereof to the Lessor by Lessee.

If the Lessor, at its option, shall advance or pay any such taxes, assessments, water rates, or other charges, or pay, cancel, and clear off any tax sales, liens, or charges and claims on and against premises or the reversionary interest therein, it shall not be obligatory on the Lessor to inquire into the validity of any such taxes, assessments, water rates, or other charges, or any such tax sale, provided that Lessor shall give Lessee ten (10) days prior notice of Lessor's intent to pay said taxes, assessments, water rates, or other charges, or any such tax sale. It is further provided that if Lessee shall be actively prosecuting its administrative or legal remedies in protest of any tax, assessment, water rates or other charges, the Lessor shall not have right to pay or advance sums referable thereto until such remedies shall have been exhausted.

XVII.      REPAIRS AND IMPROVEMENTS:

It is agreed that Lessor shall not be required to make any repairs, alterations, additions, or improvements to or upon said premises except when it shall have agreed in writing to perform specific work. Lessee has examined the Lessor's drawing YA 67-6 and specifications thereof, and accepts them as specified, and without any representations on the part of the Lessor or its agents as to the present or future condition of said premises. Lessee agrees that there will be no alterations,

additions, or improvements to or upon said premises without the written approval of the Lessor first being obtained and all additions and improvements made by the Lessee (except only movable office furniture and trade fixtures) shall become the property of the Lessor upon the termination of the lease.

XVIII. DAMAGE TO PREMISES:

Lessee is and shall be responsible and liable for any injury or damage done to the premises by Lessee, its employees, or any occupant of or other persons whom Lessee permits to be in or about the premises, ordinary wear and tear alone except

XIX. LESSOR'S RIGHT OF ENTRY:

It shall be lawful for the Lessor, its agents and representatives, at any reasonable time, to enter into or upon said premises for the purpose of examining into the condition thereof of the premises, or the equipment therein, or for any other lawful purposes.

XX. LIENS:

Lessee will not permit any lien of any kind, type, or description to be placed or imposed upon the building, or any part thereof, or the real estate on which it stands, provided that this clause shall not be deemed to be breached if Lessee actively disputes the validity of any asserted lien, and proceeds with its administrative or legal remedies with respect thereto, and, if the same be finally held valid, promptly effects the removal thereof.

XXI. ADVERTISING SIGNS:

Lessee shall have the right to install or cause to be installed appropriate signs on the premises to advertise the nature of its business. The cost of such installations and operations shall be borne by the Lessee. Lessee shall not erect



install, operate, or cause, nor permit to be erected, installed, or operated upon the premises herein, any sign or other advertising device without first having obtained the Lessor's written consent thereto as to size, construction, locations and general appearance.

XXII. WAIVER:

Any waiver by the Lessor of any breach of any covenant herein contained to be kept and performed by the Lessee shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent the Lessor from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

XXIII. NOTICES:

All notices required under this lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Lessor at The Port of Portland, P. O. Box 3529, Portland, Oregon 97208, and to the Lessee at Albina Engine and Machine Works, Inc., 2100 North Albina Avenue, Portland, Oregon 97227. Date of service of such notices shall be the date such notice is deposited in a post office of the United States Post Office Department at Portland, Oregon, postage prepaid.

XXIV. HOLDING OVER:

In the event that the Lessee shall remain on the premises after the expiration or sooner termination of the term of this lease, such holding over shall not constitute a renewal or extension of this lease. The Lessor may, at its option, elect to treat the Lessee as one who has not removed at the end of his term, and thereupon be entitled to all the remedies against the Lessee provided by law in that situation, or the Lessor may elect, at its option, to construe such holding over as a tenancy from month to month subject to the payment of all rent in advance



the monthly rate being proportional to the previous annual rent paid by Lessee, and subject to the payment of taxes, assessments and charges as specified in Articles V and VII hereof, it being particularly noted, that under present tax laws, holding over for even one day will require payment of a full year's property taxes.

XXV. ATTORNEY'S FEES:

In the event any action or suit or proceeding is brought to collect the rent due or to become due hereunder or any portion thereof, or to take possession of said premises or to enforce compliance with this agreement, or caused by failure of Lessee to observe any of the covenants of this agreement; Lessee agrees to pay Lessor such sum as the court may adjudge reasonable as attorney's fees to be allowed in said suit, action or proceeding, providing that Lessor prevails therein.

XXVI. ASSIGNMENT:

Lessee agrees it will not assign or sublease this lease without prior written approval of the Lessor.

XXVII. STATUTORY PROVISIONS:

This lease is subject to the provisions of O.R.S. 279.312 through 279.320, inclusive, which by this reference are incorporated herein as fully as though set forth verbatim.

XXVIII. CONDEMNATION:

If the whole or any part of the premises hereby leased shall be condemned or taken by any county, federal, state or other authority for any purpose, then the term of this lease shall cease on the part so taken from the day the possession of that part shall be required for any purposes by the condemning agency and the rent therefor shall be paid up to that day, and within ninety (90) days thereafter Lessee shall have the right either to terminate this lease as to the remainder of the premises, subject to payment of rent to date of such termination and fulfillment of

its other obligations, provided herein. In the absence of notice to so terminate Lessee shall continue in the possession of the remainder of the same under the terms herein provided, except that the rent shall be reduced in proportion to the amount of the premises taken for such public purpose.

XXIX. SURRENDER OF PREMISES ON TERMINATION OF LEASE:

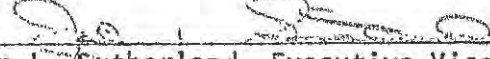
On the last day of the term hereof, or upon any sooner termination hereof, or upon the termination of any holding over, Lessee will quit and deliver up said premises and all equipment, fixture erections or additions to or upon the same, broom-clean, to the Lessor, peaceably, quietly, and in as good order and condition reasonable use and wear thereof, damage by fire and the elements alone excepted, as the same are now in or hereafter may be put in by the Lessor or the Lessee.

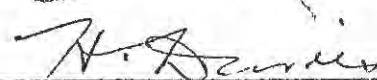
XXX. SUCCESSORS AND ASSIGNS BOUND BY COVENANTS:

All of the covenants, stipulations and agreements in this lease shall extend to and bind the legal representatives, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have subscribed their names the day and year first above written.

ALBINA ENGINE AND MACHINE WORKS, INC.

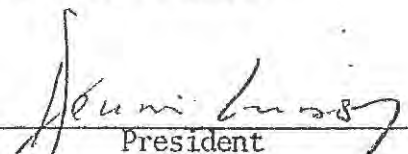
By   
John L. Sutherland, Executive Vice President

By   
H. Davies, Secretary


APPROVED  
  
General Manager

7/8/68

THE PORT OF PORTLAND

By   
President

ATTEST:

  
Assistant Secretary

PSY100003829

AGREEMENT TO LEASE

THIS AGREEMENT, dated August 2, 1979, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and DILLINGHAM CORP., a corporation organized under the laws of the state of Hawaii, hereinafter referred to as Dillingham.

Ten (10) days after vacation of Building 9, Swan Island Ship Repair Yard, by the current tenant, Crosby and Overton, Dillingham and the Port agree to enter into a Lease on Building 9 with terms and conditions comparable to the terms and conditions which exist in Dillingham lease of Building 63, Swan Island Ship Repair Yard dated July 1, 1968, as amended July 1, 1978: (A) eleven thousand five hundred thirty-nine (11,539) square feet of office and shop building and fourteen thousand two hundred forty-nine (14,249) square feet of land area at One Thousand Nine Hundred Thirty-Eight and 55/100 Dollars (\$1,938.55) a month (eleven thousand five hundred thirty-nine (11,539) square feet of building times Sixteen and Eight-Tenths Cents (\$0.168). (B) Term: Through June 30, 1983. (C) Option: One (1) five (5) year option to June 30, 1988 with rental adjustment.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

DILLINGHAM CORP.

By Ernest M. Browley

By Scott Fitzwater

APPROVED AS TO FORM

James M. Muncy  
Counsel for Dillingham

L2B:L/DS

6/27/79

THE PORT OF PORTLAND

By Kenneth Fain, President

By Lee A. Underwood  
Assistant Secretary

APPROVED AS TO FORM

Betty J. Crofoot  
Counsel for  
The Port of Portland

APPROVED BY COMMISSION ON

3-14-79

PSY100003830

## MONTH-TO-MONTH LEASE

THIS LEASE, dated August 1, 1981, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and DILLINGHAM SHIP REPAIR, hereinafter referred to as Lessee,

### ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and conditions stated below, the premises consisting of: Building 63A, storage and shop space (five thousand seven hundred ninety (5,790) square feet) located at the Portland Ship Repair Yard.

Section 1.02 - Use of Premises: Lessee may use the premises only for the following purpose: storage and shop area related to ship repair.

### ARTICLE II - TERM

The term of this Lease shall commence on August 1, 1981, and continue month to month until terminated by either party upon thirty (30) days written notice.

### ARTICLE III - RENTAL

Lessee shall pay to Port as rent the sum of Six Hundred Thirty-Six and 90/100 Dollars (\$636.90) per month. Rent shall be payable on the tenth (10th) day of each month in advance.

The rental rate is set at five cents (\$.05) per square foot per month for the building structure (five thousand seven hundred ninety (5,790) square feet) and at six cents (\$.06) per square foot per month for the land area upon which the structure sits (five thousand seven hundred ninety (5,790) square feet).

All rents remaining unpaid for a period of forty-five (45) calendar days after the first day of the month due will be charged a delinquency charge of five-sixths ( $5/6$ ) of one percent (1%) per month (ten percent [10%] per year).

#### ARTICLE IV - LESSEE OBLIGATIONS

Section 4.01 - Title to Improvements, Personal Property: Upon termination of this Lease the Port shall have the option to either require removal of all structures, installations or improvements within thirty (30) days after the expiration of the Lease at Lessee's expense or shall have the option to take title to such structures, installations, and improvements. Personal property such as furniture shall be removed by Lessee within thirty (30) days or the Port shall have the option to remove said personal property at Lessee's expense or take title.

Section 4.02 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers



for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.03 - Services: Lessee shall promptly pay any charges for telephone and charges for utilities and services furnished to the leased premises at Lessee's order or consent.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes levied by the state, county, city, or any other tax levying body upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the premises or facilities or the improvements therein as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said premises. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by the tax collector.

#### ARTICLE V - INDEMNITY

Lessee agrees fully to indemnify, save harmless and defend the Port, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation

and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

#### ARTICLE VI - GENERAL PROVISIONS

Section 6.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port.

Section 6.02 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 6.03 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein,

all such consent, approval or direction shall be received in writing from the Executive Director of The Port of Portland.

Section 6.04 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to the Lessee, Dillingham Ship Repair, P.O. Box 4367, Portland, Oregon 97208. Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

IN WITNESS WHEREOF, the Parties hereto have subscribed their names.

DILLINGHAM SHIP REPAIR

By Ernest N. Brawley  
By D. Scott Fitzwater

THE PORT OF PORTLAND

By L. J. Coleman  
Executive Director

APPROVED AS TO FORM

Betty J. C. Joo  
Counsel for  
The Port of Portland

08/26/81  
0334L:79H518

THE PORT OF PORTLAND  
MONTH-TO-MONTH LEASE AGREEMENT

THIS AGREEMENT entered into this First day of November, 19 77, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter called the "Port"), and \_\_\_\_\_

Dillingham Ship Repair  
(hereinafter called the "Tenant").

WITNESSETH: The Port, in consideration of rents paid and of the agreements of Tenant herein to be kept, leases to Tenant the following described premises, situated in the City of Portland, County of Multnomah and State of Oregon: (Description)

Bldg. #54, Bay 2 *420 s/f @ \$0.125 per s/f per month = \$52.50*  
~~420 s/f @ \$84.00 per month~~

to have and to hold above described premises to Tenant on a month-to-month basis, beginning November 1, 19 77.

I. RENT: Tenant does hereby rent said premises on a month-to-month basis and agrees to pay to the Port the following:

Building rent	<u>\$84.00</u>
Outside space	<u>                    </u>
Miscellaneous	<u>                    </u>
Total	<u>\$84.00</u>

Eighty-four and no/100 dollars payable without demand, monthly, in advance, on the first (1st) day of each month to the Port at its office in Portland, Oregon, or at such other place in the State of Oregon as may be designated.

II. USE OF PREMISES: Tenant agrees that said premises shall be used for

storage of paint, thinners and solvents  
and no other purpose.

III. ASSIGNMENT: Tenant agrees he will not assign or sublease this lease without prior written approval of the Port.

IV. UTILITIES: The Tenant shall pay for all heat, light, power, water and other services or utilities used in the above described premises.

V. REPAIRS AND IMPROVEMENTS: The premises are rented in the condition "as is" and the Port shall not be required to make any repairs, alterations, additions or improvements to or upon said premises except when it shall have agreed in writing to perform specific work. Tenant has examined the premises and accepts them in their present condition and without any representations on the part of the Port or its agents as to the present or future condition of said premises. Tenant agrees that he will make no alterations, additions or improvements to or upon said premises without the written consent of the Port first being obtained and all additions and improvements made by the Tenant (except only movable office furniture and trade fixtures) shall become the property of the Port on the termination of the lease.

VI. CRANE MAINTENANCE & REPAIR: Tenant agrees to maintain and keep in a good workable condition and state of repair the overhead crane in the leased bay. The Port shall not be required to make any repairs or replacement of parts or cable for the crane.

VII. PORT'S RIGHT OF ENTRY: It shall be lawful for the Port, its agents and representatives, at any reasonable time, to enter into or upon said premises for the purpose of examining into the condition thereof, or any other lawful purpose.

VIII. LIENS: Tenant will not permit any lien of any kind, type or description to be placed or imposed upon the building in which said leased premises are situated, or any part thereof, or the real estate on which it stands.

IX. ADVERTISING SIGNS: Signs shall not be painted upon any structure, but suitable removable signs may be attached to the rented structure when the Port has given approval of such sign and manner of placement, in advance.

X. LIABILITY ON LEASED PREMISES: Tenant agrees to hold the Port (including its officers, agents and employees) harmless from and against any and all liability, or claims of liability, which may be asserted against the Port on account of any injury or injuries (including death) to any person or persons whomsoever, or any damage or loss of property of any person or persons whomsoever, however caused, arising out of or in any way connected with, directly or indirectly, the use or occupancy of the premises by the Tenant; provided, however, that the Tenant shall not be required to hold the Port harmless from liability or claims of liability on account of any injury or injuries, including death, to persons, or any damage or loss to property, caused solely by negligence of the Port, its officers, agents or employees.



XI. DESTRUCTION OR DAMAGE OF PREMISES: If the said premises be destroyed by fire or other casualty, this lease shall immediately terminate. In case of partial destruction or damage, so as to render the premises untenable, either party may terminate the lease by giving written notice to the other within fifteen (15) days thereafter, and if so terminated, no rent shall accrue to the Port after such partial destruction or damage. In the event of partial damage which does not render the premises untenable, it shall be optional with the Port whether to repair same. If the Port elects not to repair such damage, the Tenant shall have the right to terminate this lease forthwith.

XII. TERMINATION OF LEASE: This lease may be terminated without liability on thirty (30) days written notice by either party. Upon termination, the Tenant shall quit and deliver up said leased premises and all fixture erections or additions to or upon the same, broom-clean, to the Port, peaceably, quietly, and in as good order and condition as the same are now in or hereafter may be put in by the Port or the Tenant, reasonable use and wear thereof and/or damage by fire and the elements alone excepted.

XIII. ATTACHMENT, BANKRUPTCY, DEFAULT: In the event Tenant shall be in arrears in the payment of said rent for a period of ten (10) days after the same becomes due, or if said Tenant shall fail or neglect to do, keep, perform or observe any of the covenants and agreements contained herein on Tenant's part to be done, kept, and performed and observed and such default shall continue for ten (10) days or more after written notice of such failure or neglect shall be given to Tenant, or if said Tenant shall be declared bankrupt or insolvent according to law, or if any assignment of Tenant's property shall be made for the benefit of creditors, or if on the expiration of this lease Tenant fails to surrender possession of said leased premises, then and in any of said cases or events, the Port, lawfully, at its option, immediately, or at any time thereafter, without demand or notice, may enter into and upon said premises and every part thereof and repossess the same as of Port's former estate and expel said Tenant and those claiming by, through or under Tenant and remove Tenant's effects at Tenant's expense, forcibly, if necessary, and store the same, all without being deemed guilty of trespass and without prejudice to any remedy which otherwise might be used for arrears of rent or preceding breach of covenant.

XIV. ATTORNEY FEES AND COURT COSTS: In case suit or action is instituted to enforce compliance with any of the terms, covenants or conditions of this lease, or to collect the rental which may become due hereunder, or any portion thereof, the prevailing party shall be entitled to recover, in addition to the costs and disbursements provided by statute, such additional sum as the court may adjudge reasonable for attorney's fees to be allowed plaintiff in said suit or action.

L27K

XV. WAIVER: Any waiver by the Port of any breach of any covenant herein contained to be kept and performed by the Tenant shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent the Port from declaring a forfeiture for any succeeding breach.

XVI. NOTICES: All notices required under this lease shall be deemed to be properly served if sent by registered mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Tenant at \_\_\_\_\_

P.O. Box 4367, Portland, Oregon 97208

Date of service of such notice shall be the date such notice is deposited in a post office of the United States Post Office Department.

XVII. EMPLOYEE OR MEMBER OF THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND NOT TO BENEFIT: The Tenant warrants that no employee or member of the Board of Commissioners of the Port of Portland is a member of the copartnership, firm or corporation of said Tenant, nor is any such employee or member of the Board of Commissioners of the Port of Portland directly or indirectly interested in this lease agreement.

XVIII. TAXES: The Tenant agrees to pay all lawful taxes and assessments which during the term hereof, or any extension as provided for herein, may become a lien or which may be levied by the State, County, City or any other tax levying body upon any taxable interest acquired by the Tenant in this lease agreement or any taxable possessory right which the Tenant may have in or to the premises or facilities hereby leased or the improvements thereon, by reason of its occupancy thereof, as well as all taxes on taxable property, real or personal, owned by the Tenants in or about said premises. Upon making such payments, the Tenant shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or a lien on any of said property or taxable interest therein shall be paid in full and without pro-ration by the Tenant, forthwith, or as soon as a statement thereof has been issued by the Tax Collector, if termination occurs during the interval between attachment of the lien and issuance of statements.

The Port of Portland  
Month-to-Month Lease Agreement  
Page 5

SPECIAL CONDITIONS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the respective parties have executed this instrument in duplicate on this, the day and year first hereinabove written.

By *W. Scott Schwab*  
Dillingham Ship Repair / Manager -

THE PORT OF PORTLAND  
By *[Signature]*  
Marine Department Director  
*Lloyd Anderson*  
Lloyd Anderson  
Executive Director

APPROVED AS TO FORM

*Betty J. [Signature]*  
of Counsel for The Port of Portland

ML3M/9-8/ej<sup>n</sup>

PSY100003840

MONTH-TO-MONTH  
LEASE OF IMPROVED SPACES

THIS LEASE, dated 9/8/86, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and DILLINGHAM SHIP REPAIR, INC., a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of approximately Two Thousand Eighty (2180) square feet which is on the date of this Lease improved and commonly known as Building 72 (hereinafter referred to as "Premises").

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Warehouse.

ARTICLE II - TERM

Section 2.01 - Term: The term of this Lease shall commence on September 4, 1986, and shall continue through October 31, 1986, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

### ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of Six Hundred Fifty Four Dollars (\$654.00) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

### ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no



liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the Port of the Lessee in the Performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose

of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone excepted.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in



addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may, at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them,

forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession any of any and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.

Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic' lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provision of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee



forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

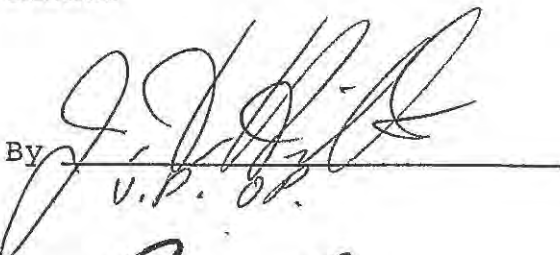
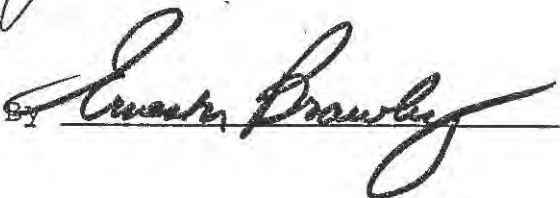
Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at DILLINGHAM SHIP REPAIR, INC., PO Box 4367, Portland, Oregon 97208.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.


LESSEE

By

  
V.P. O.P.  


THE PORT OF PORTLAND


By

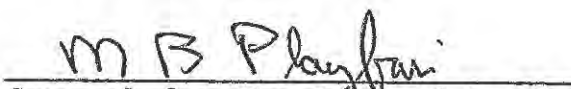
  
Executive Director

By

APPROVED AS TO FORM:

APPROVED AS TO LEGAL SUFFICIENCY:

  
Counsel for Lessee

  
Counsel for The Port of Portland

ATTACHMENT 'A'

This disclosure statement refers to the lease dated \_\_\_\_\_, between the PORT OF PORTLAND and DILLINGHAM SHIP REPAIR, INC., for the month-to-month rental of the improved space commonly known as Building 72.

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
Y	Electricity	(\$0.08/kwh)
N	Natural Gas	(\$0.46/ccf)
N	Steam	(\$265.00/service day)
N	Compressed Air	(\$17.50/workday-Light Service) (\$70.00/workday-Heavy Service)
N	Oxygen-with Gas	(\$5.00/100 cf of Gas Consumed)
N	Area Heat	Not Available
N	Area Air Cond.	Not Available
N	Water	(\$4.00/ccf of Water consumed)
N	Sewer	-or- (\$137.50/month)
N	Flat rate of \40.05 per square foot per month (\$109.00 per month)	

TELEPHONE SERVICE, REFUSE COLLECTION, AND JANIITORIAL SERVICES ARE THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

ACKNOWLEDGED:

Signature

Date

MONTH-TO-MONTH LEASE

THIS LEASE, dated June 7, 19 83, by and between  
THE PORT OF PORTLAND, a municipal corporation of the state of Oregon,  
hereinafter referred to as Port, and Dillingham Ship Repair  
\_\_\_\_\_,  
a corporation organized under the laws of the State of Oregon,  
hereinafter referred to as Lessee,

ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and  
conditions stated below, the premises consisting of: Building 4, Bay 8  
(25,596 square feet), Bay 9 (25,000 square feet), Bay 10 (24,600 square  
feet), and Bay 11 (28,780 square feet) totaling 103,976 square feet of shop  
and storage space located at the Portland Ship Repair Yard  
\_\_\_\_\_  
\_\_\_\_\_

Section 1.02 - Use of Premises: Lessee may use the premises only for  
the following purpose: Shop and storage related to ship repair business.

ARTICLE II - TERM

The term of this Lease shall commence on July 1,  
19 83, and continue month-to-month until terminated by either party upon  
thirty (30) days written notice.

### ARTICLE III - RENTAL

Lessee shall pay to Port as rent the sum of Eighteen Thousand Seven  
Hundred Fifteen and 68/100 Dollars (\$18,715.68 ) per month.

Rent shall be payable on the tenth (10th) day of each month in advance.

Rental rate is set at Eighteen Cents (\$0.18) per square foot per month

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Payment shall be to the Port at its offices in Portland, Oregon, or  
such other place as the Port may designate.

All rental amounts remaining unpaid by Lessee when due will be assessed  
a delinquency charge at the current rate established by Port policy.

### ARTICLE IV - LESSEE'S OBLIGATIONS

Section 4.01 - Construction of Improvements: Prior to any construction,  
alteration or changes upon the leased premises, Lessee shall submit to the  
Port final plans and specifications, site-use plan, and architectural  
rendering thereof and shall not commence any construction until it has  
received the Port's written approval. The applicant shall obtain all  
necessary Port, federal, state and local permits and shall comply with  
all applicable codes and regulations, including approval by the State Fire  
Marshall's office governing such operations. The current Port application  
form for permission to make alterations or additions on property owned or  
controlled by the Port must be submitted to the Port prior to modifications.



Section 4.02 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.03 - Services: Lessee shall promptly pay any charges for telephone, utilities, or services furnished to the leased premises at Lessee's order or consent.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes levied by the state, county, city, or any other tax levying body upon any taxable possessory right which Lessee may have in or to the premises or facilities or the improvements therein as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said premises. Upon any termination or tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by the tax collector.

#### ARTICLE V - INSURANCE

Section 5.01 - Indemnity: Lessee agrees fully to indemnify, save harmless and defend the Port, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of

damages or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

Section 5.02 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million (\$1,000,000) Dollars combined single limit. Such insurance shall name the Port, its commissioners, officers and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port a certificate evidencing the date, amount and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

## ARTICLE VI - TERMINATION

Section 6.01 - General: Upon termination of the Lease for any reason, Lessee shall deliver all keys to the Port and surrender the leased premises in good condition. Alterations constructed by the Lessee with permission from the Port shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender. A joint survey of the leased area will be taken prior to the termination of the Lease by both the Port and the Lessee to determine the condition of the leased premises.

### Section 6.02 - Fixtures:

A. All fixtures placed upon the leased premises during the term, other than Lessee's trade fixtures, shall, at the Port's option, become the property of the Port. Movable furniture, decorations, floor covering other than hard surface bonded or adhesively fixed flooring, curtains, blinds, furnishing and trade fixtures shall remain the property of the Lessee if placed on the leased premises by the Lessee.

B. If the Port so elects, the Lessee shall remove any or all fixtures which would otherwise remain the property of the Port, and shall repair any physical damage resulting from the removal. If the Lessee fails to remove such fixtures, the Port may do so and charge the cost to the Lessee with interest at the current rate established by Port policy per annum from the date of expenditure. The Lessee shall remove all furnishings, furniture and trade fixtures which remain the property of the Lessee. If the Lessee

fails to do so, this shall be an abandonment of the property, and the Port may retain the property and all rights of the Lessee with respect to it shall cease or, by notice in writing given to Lessee within twenty (20) days after removal was required, the Port may elect to hold the Lessee to his obligation of removal. If the Port elects to require the Lessee to remove, the Port may effect a removal and place the property in public storage for the Lessee's account. The Lessee shall be liable to the Port for the cost of removal, transportation to storage, and storage, with interest at the current rate established by Port policy per annum on all such expenses from the date of expenditure by the Port.

C. The time for removal of any property or fixtures which the Lessee is required to remove from the leased premises upon termination shall be as follows:

1. On or before the date the Lease terminates.
2. Within thirty (30) days after notice from the Port requiring such removal where the property to be removed is a fixture which the Lessee is not required to remove except after such notice by the Port, and such date would fall after the date on which the Lessee would be required to remove other property.

#### ARTICLE VII - GENERAL PROVISIONS

Section 7.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port.

Section 7.02 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 7.03 - Warranties/Guarantees: Port makes no warranty, guarantee, or averment of any nature whatsoever concerning the physical condition of the leased premises, and it is agreed that the Port will not be responsible for any loss, damage or costs which may be incurred by Lessee by reason of any such physical condition.

Section 7.04 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from the Port of Portland.

Section 7.05 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to the Lessee, Dillingham Ship Repair, Post Office Box 4367, Portland, Oregon 97208

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Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.



Section 7.06 - Special Conditions: None

IN WITNESS WHEREOF, the Parties hereto have subscribed their names.

LESSEE

By

Ernest M. Brawley

THE PORT OF PORTLAND

By

Shelley A. Carlson  
Executive Director

APPROVED AS TO FORM

Betty J. Crofoot  
Counsel for The Port of Portland

MONTH-TO-MONTH LEASE

THIS LEASE, dated July 2, 1982, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and Dillingham Ship Repair  
, hereinafter referred to as Lessee,

ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and conditions stated below, the premises consisting of: \_\_\_\_\_  
Building 4, Bay 8 (25,596 square feet), Bay 9 (25,000 square feet),  
Bay 10 (24,600 square feet), and Bay 11 (28,780 square feet) totaling  
103,976 square feet of shop and storage space located at the Portland  
Ship Repair Yard

Section 1.02 - Use of Premises: Lessee may use the premises only for the following purpose: Shop and storage related to ship repair or construction business.

## ARTICLE II - TERM

The term of this Lease shall commence on August 1, 1982, and continue month to month until terminated by either party upon thirty (30) days written notice.

### ARTICLE III - RENTAL

Lessee shall pay to Port as rent the sum of twenty-three  
thousand three hundred ninety four and 60/100 dollars  
(\$ 23,394.60) per month. Rent shall be payable on the tenth (10th)  
day of each month in advance.

Rental rate is set at twenty two and one half cents (\$0.225) per  
square foot per month.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All rents remaining unpaid for a period of forty-five (45)  
calendar days after the first day of the month due will be charged a  
delinquency charge of one and one-half percent (1 1/2%) per month  
(eighteen percent [18%] per year).

### ARTICLE IV - LESSEE OBLIGATIONS

Section 4.01 - Title to Improvements, Personal Property: Upon  
termination of this Lease the Port shall have the option to either  
require removal of all structures, installations or improvements  
within thirty (30) days after the expiration of the Lease at  
Lessee's expense or shall have the option to take title to such  
structures, installations, and improvements. Personal property such  
as furniture shall be removed by Lessee within thirty (30) days or

the Port shall have the option to remove said personal property at Lessee's expense or take title.

Section 4.02 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.03 - Services: Lessee shall promptly pay any charges for telephone and charges for utilities and services furnished to the leased premises at Lessee's order or consent.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes levied by the state, county, city, or any other tax levying body upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the premises or facilities or the improvements therein as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said premises. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith

or as soon as a statement thereof has been issued by the tax collector.

#### ARTICLE V - INDEMNITY

Lessee agrees fully to indemnify, save harmless and defend the Port, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

#### ARTICLE VI - GENERAL PROVISIONS

Section 6.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port.



Section 6.02 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 6.03 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from the Executive Director of The Port of Portland.

Section 6.04 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to the Lessee, Dillingham Ship Repair,  
Post Office Box 4367, Portland, Oregon 97208  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

Section 6.05 - Special Conditions: Approval is granted to sub-  
lease all or part of Building 4, Bay 8 to Northwest Copper Incorporated  
at twenty four cents (\$0.24) per square foot per month.

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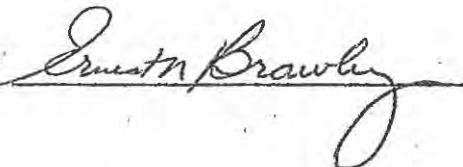
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IN WITNESS WHEREOF, the Parties hereto have subscribed their  
names.

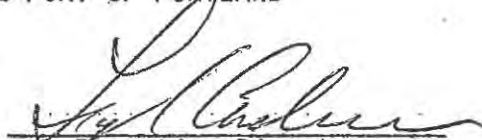
LESSEE

THE PORT OF PORTLAND

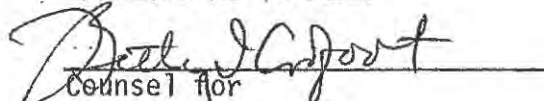
By



By

  
Executive Director

APPROVED AS TO FORM

  
Counsel for  
The Port of Portland

03/31/82  
0005L:79C680

AMENDMENT NO. 1

Amendment No. 1 to the Lease dated April 1, 1981 amended August 25, 1981, as to square footage of bay space leased, Building 4, Bays 9, 10 and 11, between the Port of Portland (Lessor) and Dillingham Ship Repair (Lessee):

W I T N E S S E T H :

WHEREAS, the parties have agreed to increase the leased area with appropriate rental charges:

NOW THEREFORE, ARTICLE I - PREMISES, SECTION 1.01 - DESCRIPTION and ARTICLE III - RENTAL are deleted in their entirety and in their place the following is substituted:

ARTICLE I - PREMISES:

Section 1.01 - Description: Port leases to Lessee, on the terms and conditions stated below, the premises consisting of: Building 4, Bays 9, 10 and 11; Bay 9 (25,000 square feet), Bay 10 (24,600 square feet) and Bay 11 (28,780 square feet); shop and storage space located at the Portland Ship Repair Yard.

ARTICLE III - RENTAL:

Lessee shall pay the Port as rent the sum of Seventeen Thousand Six Hundred and Thirty Five and 50/100 Dollars (\$17,635.50) per month. Rent shall be payable on the tenth (10th) day of each month, in advance. Rental rate is set at Twenty Two and One Half Cents (\$0.225) per square foot per month.

All rents remaining unpaid for a period of forty five (45) calendar days after the first day of the month due will be charged a delinquency charge of One and One Half Percent (1½%) per month. Eighteen Percent (18%) per annum.

Except as herein modified, the Lease Agreement on April 1, 1981, as modified by Amendment No. 1 dated August 25, 1981, is ratified and affirmed.

DILLINGHAM SHIP REPAIR YARD

By: Ernest M. Brawley

By: Scott Fitzgerald

THE PORT OF PORTLAND

By: Eric Holman  
EXECUTIVE DIRECTOR

By: \_\_\_\_\_

APPROVED AS TO FORM

Deety I. C. Foot  
Counsel for the Port of Portland

Bldg 4  
Bay 9

THE PORT OF PORTLAND  
MONTH TO MONTH LEASE AGREEMENT

THIS AGREEMENT entered into this First day of December, 1970 by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter called the "Port"), and Albina Engine and Machine Works  
2100 N. Albina Avenue, Portland, Oregon 97227  
(hereinafter called the "Tenant").

WITNESSETH: The Port, in consideration of rents hereinafter reserved and of the agreements of Tenant herein to be kept, performed and fulfilled, leases to Tenant the following described premises, as is, situated in the City of Portland, County of Multnomah and State of Oregon: (Description)

Building No. 4, Swan Island Ship Repair Yard Area, Portland, Oregon

Bay No. 9, 25,000 sq. ft. @ \$1,000.00 Monthly

(Note: 7/1/71 25,000 S/F @ .0564 or \$1,400.00 Month)  
to have and to hold above described premises to Tenant on a month-to-month basis, beginning December 1, 1970.

I. RENT: Tenant does hereby hire said premises on a month-to-month basis and does covenant and agree to pay to the Port the following:

Building rent	<u>\$1,000.00</u>
Outside space	<u>                    </u>
Miscellaneous	<u>                    </u>
Total	<u>\$1,000.00</u>

\$1,000.00 dollars shall be payable without demand, monthly, in advance, on the first (1st) day of each month to the Port at its office in Portland, Oregon, or at such other place in the State of Oregon as it may in writing designate.

II. USE OF PREMISES: Tenant agrees that said premises shall be used for storage, construction, etc., pertaining to present business and for no other purpose.

III. ASSIGNMENT: Tenant agrees he will not assign or sublease this lease without prior written approval of the Port.

IV. UTILITIES: The Tenant shall pay for all heat, light, power, water and other services or utilities used in the above described premises during his tenancy.

V. REPAIRS AND IMPROVEMENTS: The premises are rented in the condition "as is" and the Port shall not be required to make any repairs, alterations, additions or improvements to or upon said premises except when it shall have agreed in writing to perform specific work. Tenant has examined the premises and accepts them in their present condition and without any representations on the part of the Port or its agents as to the present or future conditions of said premises. Tenant agrees that he will make no alterations, additions or improvements to or upon said premises without the written consent of the Port first being obtained and all additions and improvements made by



the Tenant (except only movable office furniture and trade fixtures) shall become the property of the Port on the termination of the lease.

VI. CRANE MAINTENANCE & REPAIR: Tenant agrees to maintain and keep in a good workable condition and state of repair the overhead crane in the leased bay. The Port shall not be required to make any repairs or replacement of parts or cable for the crane.

VII. PORT'S RIGHT OF ENTRY: It shall be lawful for the Port, its agents and representatives, at any reasonable time, to enter into or upon said premises for the purpose of examining into the condition thereof, or any other lawful purpose.

VIII. LIENS: Tenant will not permit any lien of any kind, type or description to be placed or imposed upon the building in which said leased premises are situated, or any part thereof, or the real estate on which it stands.

IX. ADVERTISING SIGNS: Signs shall not be painted upon any structure, but suitable removable signs may be attached to the rented structure when the Port has given approval of such sign and manner of placement, in advance.

X. LIABILITY ON LEASED PREMISES: Tenant agrees to hold the Port (including its officers, agents and employees) harmless from and against any and all liability, or claims of liability, which may be asserted against the Port on account of any injury or injuries (including death) to any person or persons whomsoever, or any damage or loss of property of any person or persons whomsoever, however caused, arising out of or in any way connected with, directly or indirectly, the use or occupancy of the premises by the Tenant; provided, however, that the Tenant shall not be required to hold the Port harmless from liability or claims of liability on account of any injury or injuries, including death, to persons, or any damage or loss to property, caused solely by negligence of the Port, its officers, agents or employees.

XI. DESTRUCTION OR DAMAGE OF PREMISES: If the said premises be destroyed by fire or other casualty, this lease shall immediately terminate. In case of partial destruction or damage, so as to render the premises untenable, either party may terminate the lease by giving written notice to the other within fifteen (15) days thereafter, and if so terminated, no rent shall accrue to the Port after such partial destruction or damage. In the event of partial damage which does not render the premises untenable, it shall be optional with the Port whether to repair same. If the Port elects not to repair such damage, the Tenant shall have the right to terminate this lease forthwith.

XII. TERMINATION OF LEASE: This lease is terminable without liability therefor on thirty (30) days written notice by either party hereto. Upon termination, the Tenant will quit and deliver up said leased premises and all fixture erections or additions to or upon the same, broom-clean, to the Port, peaceably, quietly, and in as good order and condition as the same are now in or hereafter may be put in by the Port or the Tenant, reasonable use and wear thereof and/or damage by fire and the elements alone excepted.

XIII. ATTACHMENT, BANKRUPTCY, DEFAULT: In the event Tenant shall be in arrears in the payment of said rent for a period of ten (10) days after the same becomes due, or if said Tenant shall fail or neglect to do, keep, perform or observe any of the covenants and agreements contained herein on Tenant's part to be done, kept, performed and observed and such default shall continue for ten (10) days or more after written notice of such failure or neglect shall be given to Tenant, or if said Tenant shall be declared bankrupt or insolvent according to law, or if any assignment of Tenant's property shall be made for the benefit of creditors, or if on the expiration of this lease Tenant fails to surrender possession of said leased premises, then and in any of said cases or events, the Port, lawfully, at its option, immediately, or at any time thereafter, without demand or notice, may enter into and upon said premises and every part thereof and repossess the same as of Port's former estate and expel said Tenant and those claiming by, through or under Tenant and remove Tenant's effects at Tenant's expense, forcibly if necessary, and store the same, all without being deemed guilty of trespass and without prejudice to any remedy which otherwise might be used for arrears of rent or preceding breach of covenant.

XIV. ATTORNEY FEES AND COURT COSTS: In case suit or action is instituted to enforce compliance with any of the terms, covenants or conditions of this lease, or to collect the rental which may become due hereunder, or any portion thereof, the Tenant agrees to pay, in addition to the costs and disbursements provided by statute, such additional sum as the court may adjudge reasonable for attorney's fees to be allowed plaintiff in said suit or action. The Tenant also agrees to pay and discharge all Port's costs and expenses, including Port's attorney's fees, that shall arise from enforcing any provisions or covenants of this lease, even though no suit or action is instituted.

XV. WAIVER: Any waiver by the Port of any breach of any covenant herein contained to be kept and performed by the Tenant shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent the Port from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

XVI. NOTICES: All notices required under this lease shall be deemed to be properly served if sent by registered mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, P. O. Box 3529, Portland, Oregon, 97208, and to the Tenant at 2100 N. Albina Avenue, Portland, Oregon 97227.

Date of service of such notice shall be the date such notice is deposited in a post office of the United States Post Office Department.

XVII. EMPLOYEE OR MEMBER OF THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND NOT TO BENEFIT: The Tenant warrants that no employee or member of the Board of Commissioners of The Port of Portland is a member of the copartnership, firm or corporation of said Tenant, nor is any such employee or member of the Board of Commissioners of The Port of Portland directly or indirectly interested in this lease agreement.

XVIII. TAXES: The Tenant agrees to pay all lawful taxes and assessments which during the term hereof, or any extension as provided for herein, may become a lien or which may be levied by the State, County, City or any other tax levying body upon any taxable interest acquired by the Tenant in this lease agreement or any taxable possessory right which the Tenant may have in or to the premises or facilities hereby leased or the improvements thereon, by reason of its occupancy thereof, or otherwise, as well as all taxes on taxable property, real or personal, owned by the Tenants in or about said premises. Upon making such payments, the Tenant shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or a lien on any of said property or taxable interest therein shall be paid in full and without pro-rata by the Tenant, forthwith, or as soon as a statement thereof has been issued by the Tax Collector, if termination occurs during the interval between attachment of the lien and issuance of statements.

SPECIAL CONDITIONS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the respective parties have executed this instrument in duplicate on this, the day and year first hereinabove written.

THE PORT OF PORTLAND

By \_\_\_\_\_

John L. Sutherland  
Executive Vice-President

By \_\_\_\_\_

Oyden Beem  
Marine Department

Albina Engine and Machine Works

George M. Baldwin  
General Manager



MONTH-TO-MONTH LEASE

THIS LEASE, dated November 16, 1983, by and between  
THE PORT OF PORTLAND, a municipal corporation of the state of Oregon,  
hereinafter referred to as Port, and Dillingham Ship Repair  
\_\_\_\_\_,  
a corporation organized under the laws of the State of \_\_\_\_\_,  
hereinafter referred to as Lessee,

ARTICLE I - PREMISES

Section 1.01 - Description: Port leases to Lessee, on the terms and  
conditions stated below, the premises consisting of: \_\_\_\_\_  
Building 50, Bay 3 (3,000 square feet), and Bay 4 (3,000 square feet)  
totaling 6,000 square feet of shop and storage space located at the  
Portland Ship Repair Yard.  
\_\_\_\_\_  
\_\_\_\_\_

Section 1.02 - Use of Premises: Lessee may use the premises only for  
the following purpose: Shop and storage related to ship repair or  
construction business

ARTICLE II - TERM

The term of this Lease shall commence on December 1,  
1983, and continue month-to-month until terminated by either party upon  
thirty (30) days written notice.

ARTICLE III - RENTAL

Lessee shall pay to Port as rent the sum of one thousand eighty and  
no/100 dollars (\$1080.00) per month.

Rent shall be payable on the tenth (10th) day of each month in advance.

Rental rate is set at eighteen cents (\$0.18) per square foot per month.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Payment shall be to the Port at its offices in Portland, Oregon, or  
such other place as the Port may designate.

All rental amounts remaining unpaid by Lessee when due will be assessed  
a delinquency charge at the current rate established by Port policy.

ARTICLE IV - LESSEE'S OBLIGATIONS

Section 4.01 - Construction of Improvements: Prior to any construction,  
alteration or changes upon the leased premises, Lessee shall submit to the  
Port final plans and specifications, site-use plan, and architectural  
rendering thereof and shall not commence any construction until it has  
received the Port's written approval. The applicant shall obtain all  
necessary Port, federal, state and local permits and shall comply with  
all applicable codes and regulations, including approval by the State Fire  
Marshall's office governing such operations. The current Port application  
form for permission to make alterations or additions on property owned or  
controlled by the Port must be submitted to the Port prior to modifications.



Section 4.02 - Maintenance: Lessee shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris, and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.03 - Services: Lessee shall promptly pay any charges for telephone, utilities, or services furnished to the leased premises at Lessee's order or consent.

Section 4.04 - Taxes: Lessee agrees to pay all lawful taxes levied by the state, county, city, or any other tax levying body upon any taxable possessory right which Lessee may have in or to the premises or facilities or the improvements therein as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said premises. Upon any termination or tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by the tax collector.

#### ARTICLE V - INSURANCE

Section 5.01 - Indemnity: Lessee agrees fully to indemnify, save harmless and defend the Port, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of

damages or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the Lessee, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Port.

Section 5.02 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million (\$1,000,000) Dollars combined single limit. Such insurance shall name the Port, its commissioners, officers and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port a certificate evidencing the date, amount and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

## ARTICLE VI - TERMINATION

Section 6.01 - General: Upon termination of the Lease for any reason, Lessee shall deliver all keys to the Port and surrender the leased premises in good condition. Alterations constructed by the Lessee with permission from the Port shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender. A joint survey of the leased area will be taken prior to the termination of the Lease by both the Port and the Lessee to determine the condition of the leased premises.

### Section 6.02 - Fixtures:

A. All fixtures placed upon the leased premises during the term, other than Lessee's trade fixtures, shall, at the Port's option, become the property of the Port. Movable furniture, decorations, floor covering other than hard surface bonded or adhesively fixed flooring, curtains, blinds, furnishing and trade fixtures shall remain the property of the Lessee if placed on the leased premises by the Lessee.

B. If the Port so elects, the Lessee shall remove any or all fixtures which would otherwise remain the property of the Port, and shall repair any physical damage resulting from the removal. If the Lessee fails to remove such fixtures, the Port may do so and charge the cost to the Lessee with interest at the current rate established by Port policy per annum from the date of expenditure. The Lessee shall remove all furnishings, furniture and trade fixtures which remain the property of the Lessee. If the Lessee

fails to do so, this shall be an abandonment of the property, and the Port may retain the property and all rights of the Lessee with respect to it shall cease or, by notice in writing given to Lessee within twenty (20) days after removal was required, the Port may elect to hold the Lessee to his obligation of removal. If the Port elects to require the Lessee to remove, the Port may effect a removal and place the property in public storage for the Lessee's account. The Lessee shall be liable to the Port for the cost of removal, transportation to storage, and storage, with interest at the current rate established by Port policy per annum on all such expenses from the date of expenditure by the Port.

C. The time for removal of any property or fixtures which the Lessee is required to remove from the leased premises upon termination shall be as follows:

1. On or before the date the Lease terminates.
2. Within thirty (30) days after notice from the Port requiring such removal where the property to be removed is a fixture which the Lessee is not required to remove except after such notice by the Port, and such date would fall after the date on which the Lessee would be required to remove other property.

#### ARTICLE VII - GENERAL PROVISIONS

Section 7.01 - Assignment of Interest or Rights: Neither Lessee nor any assignee or other successor of Lessee shall in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Lessee's rights in and to this Lease or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port.

Section 7.02 - Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 7.03 - Warranties/Guarantees: Port makes no warranty, guarantee, or averment of any nature whatsoever concerning the physical condition of the leased premises, and it is agreed that the Port will not be responsible for any loss, damage or costs which may be incurred by Lessee by reason of any such physical condition.

Section 7.04 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from the Port of Portland.

Section 7.05 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, and to the Lessee, Dillingham Ship Repair, Post Office Box 4367, Portland, Oregon 97208

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Date of service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.



Section 7.06 - Special Conditions: \_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IN WITNESS WHEREOF, the Parties hereto have subscribed their names.

LESSEE

By

*Ernest M. Brawley*

THE PORT OF PORTLAND

By

*[Signature]*  
Executive Director

APPROVED AS TO FORM

*[Signature]*  
Counsel for The Port of Portland

MONTH-TO-MONTH

LEASE OF IMPROVED SPACES

THIS LEASE, dated October 30, 1986, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and LOCKPORT MARINE COMPANY, a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of approximately Four Hundred Twenty (420) square feet which is on the date of this Lease improved and commonly known as Building 4 Offices (hereafter referred to as "Premises").

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Offices related to ship repair.

ARTICLE II - TERM

Section 2.01 - Term: The term of this lease shall commence on October 1, 1986, and shall continue indefinitely, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

### ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of Two Hundred Fifty-Two (\$252.00) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

### ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no

liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.



The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the Port of the Lessee in the Performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose

of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone excepted.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in

addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects

of any of them, forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession any of any and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.



Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic' lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provision of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by

Lessee forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at Lockport Marine Company, 5555 N. Channel Avenue, Portland, Oregon 97217.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

LOCKPORT MARINE COMPANY

THE PORT OF PORTLAND

By *Paul L. Hovavich*

By *Leo Nielsen*  
Executive Director

By \_\_\_\_\_

By \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED AS TO LEGAL SUFFICIENCY:

\_\_\_\_\_  
Counsel for Lessee

*M B Playfair*  
Counsel for The Port of Portland



ATTACHMENT 'A'

This disclosure statement refers to the lease dated \_\_\_\_\_, between the PORT OF PORTLAND and LOCKPORT MARINE COMPANY, for the month-to-month rental of the improved space commonly known as Building 4 Offices.

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
Y	Electricity	(\$0.08/kwh)
N	Natural Gas	(\$0.46/ccf)
N	Steam	(\$265.00/service day)
N	Compressed Air	(\$17.50/workday-Light Service) (\$70.00/workday-Heavy Service)
N	Oxygen-with Gas	(\$5.00/100 cf of Gas Consumed)
Y	Area Heat	Not Available
Y	Area Air Cond.	Not Available
Y	Water	(\$4.00/ccf of Water consumed)
Y	Sewer	-or- (\$137.50/month)
Y	Flat rate of \$0.10 per square foot per month ( <del>\$05.00</del> per month) 42.00	

TELEPHONE SERVICE, REFUSE COLLECTION, AND JANITORIAL SERVICES ARE THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

ACKNOWLEDGED:

Paul A. Kawanishi  
Signature

Oct 23, 1986  
Date

MONTH-TO-MONTH  
LEASE OF IMPROVED SPACES

THIS LEASE, dated October 30, 1986, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and LOCKPORT MARINE COMPANY, a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of approximately Two Thousand (2,000) square feet which is on the date of this Lease improved and commonly known as Building B-305 (hereinafter referred to as "Premises").

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Offices and shops related to ship repair.

ARTICLE II - TERM

Section 2.01 - Term: The term of this lease shall commence on October 1, 1986, and shall continue month-to-month, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

### ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of Four Hundred Dollars (\$400.00) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

### ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no

liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.



The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the Port of the Lessee in the Performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose

of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises